



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the December 1, 2016 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: John Fitzgerald, Robert DeGraff, Diahann Goode, Andrew Jatico (arrived during Item 6B), Bill Kouruklis, Patrick McFadden (departed during Item 5A), Joseph Nevius, Dennis White, Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Policy Advisor; Margaret Fahrenbach, Legal Advisor; Brent Lewandowski, Senior Benefits Manager; Brenda Deming, Director, Health Benefits; Beverly Romanini, Office Manager; Marina Sirot, Project Compliance Analyst, Courtney Hollins, Communications Specialist

Others Present: Mary Pat Burns, Burke Burns & Pinelli

Trustee McFadden, Vice President of the Board, opened the meeting for public comment and no one having requested to address the Board, the next item of business on the Agenda was considered.

Trustee McFadden proposed that the Board consider Item 6b, the election of Board officers and committee assignments, before proceeding with the remaining items on the agenda.

It was moved by Trustee Goode and seconded by Trustee Nevius that the Board consider Item 6b before addressing the other items on the agenda.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

- a. 6b. 2017 Proposed Election of Officers and Committee Assignments

The Board considered the election of officers pursuant to Section 9-188 of the Illinois Pension Code and the following motions were made.

It was moved by Trustee Goode and seconded by Trustee Nevius that Trustee Fitzgerald should serve as President of the Retirement Board until a successor is elected.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was moved by Trustee Fitzgerald and seconded by Trustee Goode that Trustee McFadden should serve as Vice President of the Retirement Board until a successor is elected.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that Trustee Goode should serve as Secretary of the Retirement Board until a successor is elected.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

The Board then considered which trustees would chair and be assigned to the Investment Committee, Emerging Manager Investment Sub-Committee, Health Benefits Committee and Legislative Committee.

It was moved by Trustee Fitzgerald and seconded by Trustee Kouruklis that all the members of the Retirement Board shall serve on the Investment Committee and that Trustee Wilson shall serve as Chairman. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

The Board then discussed who would chair and be assigned to the Health Benefits Committee. It was moved by Trustee McFadden to change the Health Benefits Committee from seven members to five members. The trustees discussed that it was difficult to obtain a quorum when the size of the committee was larger. It was also noted that because of the depth of the material presented at the Health Benefits Committee meetings, there was value in having more trustees present. The motion was withdrawn.

It was moved by Trustee McFadden and seconded by Trustee White that the following members of the Retirement Board shall serve on the Health Benefits Committee: Trustee Fitzgerald, Chairman; Trustee Goode, Trustee DeGraff, Trustee Jatco, Trustee Kouruklis, Trustee McFadden, Trustee White. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

The Board then considered who would chair and be assigned to the Emerging Manager Investment Sub-Committee. It was moved by Trustee Fitzgerald and seconded by Trustee Goode that the following members of the Retirement Board shall serve on the Emerging

Manager Investment Sub-Committee: Trustee Jatico, Chairman; Trustee Kouruklis, Trustee Nevius, Trustee White, and Trustee Wilson. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

The Board next considered which trustees would chair and be assigned to the Legislative Committee. It was moved by Trustee Fitzgerald and seconded by Trustee White that the following members of the Retirement Board shall serve on the Legislative Committee: Trustee Goode, Chairman; Trustee Jatico, Trustee Kouruklis, Trustee McFadden and Trustee White. It was further moved that all so named shall serve, respectively, until a successor is duly elected or appointed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

Following his election as President of the Retirement Board and the trustees' selections for committee chairs and assignments, Trustee Fitzgerald began to preside over the meeting.

Trustee McFadden then raised the question of which trustees would appear as signatories on checks issued by the Fund. He moved that the signatures of the President and the Secretary appear on the checks and that the Vice President be an alternative. The motion was seconded by Trustee Wilson.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

1. Review and Consideration of:

a. November 3, 2016 Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the minutes of the November 3, 2016 Board meeting be adopted

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. October 31, 2016 Special Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the minutes of the October 31, 2016 Special Board meeting be adopted.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

c. November 14, 2016 Special Board Meeting Minutes

It was moved by Trustee Goode and seconded by Trustee Kouruklis that the minutes of the November 14, 2016 Special Board Committee meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

2. Review and Consideration of:

a. Bills, Payroll Records

It was moved by Trustee McFadden and seconded by Trustee Goode that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records and having received confirmation from Fund staff that such payments were consistent with the approved administrative budget, that the payments be ratified.

Roll Call Vote:

AYES: Fitzgerald, DeGraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee Goode and seconded by Trustee McFadden, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Fitzgerald, DeGraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee McFadden and seconded by Trustee Nevius, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Fitzgerald, DeGraff, Goode, Jatico, Kouruklis, McFadden, Nevius, White, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Open Enrollment Update

Brenda Deming, Director of Health Benefits, reported that approximately 900 members attended the Open Enrollment Meetings that were held at four different locations throughout Cook County. She stated that expenses for conducting the meetings were less than the previous year. Additionally, members had positive responses to the disease management presentations made at the Open Enrollment Meetings. Ms. Deming also stated the the implementation of the Medicare Employer Group Waiver Plan (“EGWP”) was progressing as planned. She added that initially an estimated 1800 members did not have correct matches with Medicare’s data, but that number was now reduced to less than 30. If these problems are not resolved by January 1, 2017, the member would still be covered under the Fund’s non-Medicare plan. Ms. Deming also noted that about 40 members are expected to qualify for the low-income subsidy.

b. Trustee Education

Nickol R. Hackett, Executive Director and CIO, stated that the members of the Board were in substantial compliance with the annual requirements for trustee education. She stated that there were seminars in December for those members who needed additional hours.

The Executive Director stated that the Harvard University Business School was conducting a case study of public pension fund investments and their asset allocations. Harvard had contacted the Fund and asked if its asset allocation experience could be part of the case study. She stated that the information to be shared with Harvard was generally available to the public. The trustees agreed that the information could be provided for the case study, but asked the Executive Director to inquire if Harvard, in return, would waive the attendance fee for the trustee education seminars that it might sponsor.

c. Website Demo

Courtney Hollins, Communications Manager, stated that the Fund was ready to launch its new website. Ms. Hollins reported that all members would receive a postcard notifying them that the new website would be available in December, but that the website address would remain the same. While the current website had been developed to comply with legislation, the new website was designed to be user-friendly and to educate members about their benefits. Ms. Hollins stated that an important feature of the new website was the calculation

tool which will allow members to obtain a rough estimate of their pension benefits so that they can be better informed before meeting with counselors to discuss the specifics of their annuity benefits. Ms. Hollins provided a demonstration of the website, including use of the calculation tool. She noted that the estimator was not intended to be precise and that the website users were informed that only benefits allowed by the Illinois Pension Code and approved by the Board would be provided to members.

4. Legal Matters

b. In the Matter of Budlove and In the Matter of Salerno

Margaret Fahrenbach, Legal Advisor, stated that Mr. Scott Budlove and Mr. Charles Salerno had requested administrative hearings regarding their applications for duty disability benefits. She stated that the members were now represented by the same attorney and raised the same issues. She asked that the matters be consolidated and that Mr. William Motto be appointed to serve as the hearing officer. The trustees discussed that the issue of consolidation could be allowed, but only if the hearing officer confirmed that the matters could be heard on a consolidated basis.

It is moved by Trustee McFadden and seconded by Trustee Nevius that the Board appoint Mr. William Motto to serve as a hearing officer for the administrative hearings requested by Mr. Scott Budlove and Mr. Charles Salerno and that he make a recommendation about whether the members are entitled to additional duty disability benefits pursuant to the Illinois Pension Code. The Board further moved that the administrative hearings be consolidated, subject to the hearing officer's discretion.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

5. 2017 Finance Report

a. 2017 Budget Approval

The Executive Director presented an overview of the 2017 administrative budget for the Fund. She stated that there had been preliminary discussions about the administrative budget at the Board's meeting in November. She added that the budget presentation related to the Fund's discretionary expenses and could be used as long-term operational planning tool. It was noted that the Fund has a conservative operational structure, but continues to provide services to a growing membership base. The Fund serves more members with fewer staff members and has a smaller administrative budget than its local peers. For the current fiscal year, the actual expenses incurred were below budget projections due to aggressive cost management and deferred initiatives. Ms. Hackett reviewed the variances in projected and actual expenditures for the year by category.

Trustees discussed the various budget projections. Trustee Wilson stated that it would be helpful in assessing the budget if trustees were provided with monthly or quarterly projected vs. actual reports so as to better understand and monitor the various categories of expenses.

Michael Maratea, Director of Finance and Administration, stated that the Fund would continue with its verification processes to ensure that benefits were paid only to eligible members. The return of any Form 1099R, issued for income tax purposes, and Form 1095, issued for health benefits verification, would trigger additional inquiry into a member's continued eligibility. He also noted that the 2017 budget included expenses related to the move to new administrative offices and would not be recurring items in the following year.

The Executive Director reviewed projected initiatives for 2017 and their estimate impact. She stated that the new website was designed to better provide information to the members in an efficient manner. It was anticipated that the implementation of the website would decrease the number of calls received by the Fund. She noted that a review of how disability benefits are administered would be a major focus in 2017. Because the County will no longer provide a County physician at 118 N. Clark Street to review applications and make the statutorily required recommendations to the Board about a member's disablement, the Fund will need to engage another provider for those services and incur additional expense.

It was moved by Trustee Kouruklis and seconded by Trustee Goode, consistent with the recommendations of the Fund's staff, that the Fiscal Year 2017 Administrative Budget be adopted.

Roll Call Vote:

AYES: Fitzgerald, DeGraff, Goode, Jatico, Kouruklis, Nevius, White
NAYS: None
PRESENT: Wilson

Vote Result: MOTION ADOPTED

b. 2017 Education and Travel Pre-Approval

The Executive Director presented the opportunities in 2017 for seminars that the trustees could attend to satisfy their requirements for trustee education.

It was moved by Trustee Goode and seconded by Trustee Nevius, consistent with the recommendations of the Fund staff and Fund counsel, that the expenses, including any associated travel expenses, incurred by any Trustee or Fund staff in attending any of the indicated educational conferences be approved, provided that the reimbursement shall be in an for amounts that are consistent with the Fund's Travel Expense Reimbursement Policy.

Roll Call Vote:

AYES: Fitzgerald, DeGraff, Goode, Jatico, Kouruklis, Nevius, White, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

6. Trustee Matters

a. Trustee Resolution – Herrera

The Board considered a proposed resolution regarding former Trustee and Board President, Alexis Herrera, who recently completed her term on the Board. It was moved by Trustee Goode and seconded by Trustee White that the proposed Resolution regarding the service of Alexis Herrera to the Retirement Board be adopted.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

6b. 2017 Proposed Election of Officers and Committee Assignments – NOTE: The Board considered this item as the first order of business on the Agenda.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

b. 2017 Proposed Board Meeting Schedule

The Board then discussed the proposed meeting schedule for the Board in 2017. The Executive Director stated that because of the need to provide financial statements to the County, there may need to be a special meeting in June for the presentation of the 2016 actuarial valuations and audits.

It was moved by Trustee Goode and seconded by Trustee Nevius, consistent with the recommendation of the Fund's professional staff and the Fund's counsel, that the proposed 2017 Meeting Schedule be adopted.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

7. Old Business/New Business

There were no old business or new business matters discussed.

8. Adjournment

There being no further business before the Board, it was moved by Trustee Goode and seconded by Trustee Jatenco that the trustees adjourn the meeting.

The next Board meeting is scheduled for January 5, 2017, at 9:30 a.m.